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SUBJECT: Lower our expectations: It's a job tough market out there

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Summary

¶1. (SBU) Summary: Don't get your hopes up! That's the message employment agencies, university career centers and society at large are sending university graduates in South China. To lower expectations as students prepare to enter a tough job market, university employment centers retelling them not to be "picky" about jobs, yet are taking special measures to improve job-seekers' prospects. While acknowledging the current economic downturn, a more fundamental problem, according to one university official, is the oversupply of college graduates and lack of labor mobility. Many university officials expressed confidence in the government to counter the downturn successfully, a view echoed by university students at a job fair. However, it is unclear how much students have contemplated what a prolonged economic downturn might mean for them. End Summary.

A Three-Pronged Attack on High Expectations

¶2. (SBU) The government has a three-pronged approach for managing the expectations of new graduates seeking jobs, according to Nan Fangsheng, the director of the South China Market of Human Resources. Employment agencies, university career centers and the media each play a role in telling university graduates in South China to lower their expectations as they prepare to enter a tough job market. Sheng said his center is the largest state-owned employment agency of its kind in China, last year helping four million job seekers through job fairs and its website 168.com. Agencies like his supplement the message of lowered expectations that students get at their campus career centers. Sheng said that this message is also reinforced through the "social environment" primarily from the media.

¶3. (SBU) Sheng said demand for his center's services had been higher than in past years, due not only to the economy, but also to the ever-larger number of college graduates. He added that Guangdong's draw for workers from surrounding provinces placed additional pressure this year on the province to help resolve an issue affecting China nationally. While he could not say what percentage of students would be unemployed this year, he estimated that roughly 10% of 2008 graduates were still without work. Sheng downplayed the impact of student underemployment, adding that students would adjust. Although salary expectations will vary according to the job offered, Sheng said that students are now asking for starting salaries of RMB 1,000-3,000 monthly (about US\$150-450).

¶4. (SBU) Graduates' salary and overall job expectations are higher at well-regarded schools like the Guangdong University of Foreign Studies (GDUFS), but it falls to Ye Zhao, director of the school's career center, to adjust students' expectations downward. She stated that traditionally 99% of GDUFS' graduates have found jobs in foreign-invested enterprises (FIEs) or import/export firms before graduation, using their foreign language and business degrees. Starting salaries have averaged 3,500 RMB per month, higher than the local average, raising graduates' expectations in recent years. However, this year Zhao and her staff of six are bluntly advising GDUFS' 5000 graduating students to "lower their expectations and not be picky." Specifically, guidance counselors are advising students to broaden their job search beyond FIEs and Global 500 firms and focus more on domestic small and medium enterprises (SMEs). She said students have understood the situation and now accept jobs paying around 2,500 RMB (roughly US\$365) a month, but would regard a monthly salary of 1,000 RMB as unacceptably low.

¶5. (SBU) According to Zhao, most graduates believe that the economic downturn is a short-term situation and they are adjusting by temporarily accepting lower-paying jobs and gaining experience until better ones open up, or "riding a donkey to seek a horse," as she put it. About 10% of graduating students will choose to put off their job search and pursue advanced degrees, either in China or overseas, to become more competitive candidates, she said. She expected less than 10% of current graduates to be unemployed six months after graduation. However, when asked if students were

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optimistic or pessimistic about the economy generally, Ms. Zhao replied that "students are neither optimistic nor pessimistic - they are just focused on getting a job." If the downturn were to continue, she said, students should be proactive and consider starting their own businesses, looking to the government for help with loans or training.

A Structural Problem

¶6. (SBU) However, the current economic crisis alone isn't enough to explain the problem university that students face. There is a fundamental imbalance caused by a structural oversupply of graduates in the more developed cities of the Pearl River Delta complicating their job prospects, according to Xiao Ning Feng, the director of the career center at South China University of Technology (SCUT). As part of a push to raise living standards and numbers of educated citizens, Feng said, the government has "encouraged" SCUT to boost undergraduate spots by 6,000 and post-grad spots by 3,000. Upon graduating, 80% of the students want to stay in the Guangzhou, Shenzhen, Zhuhai or other large cities and are not willing to settle down in what they consider the less-developed "backwaters" of Guangdong province. Students believe that the larger cities have better job opportunities; as a result, newly-minted graduates are pursuing a limited number of "desirable" jobs. SCUT claims its alumni have done well with 92% graduating with jobs last year. But Feng estimated that there were about 500,000 job seekers in South China last year and roughly 20% of them could not find employment. He also pointed out that job competition had intensified as Chinese returned home in search of better job opportunities after living overseas and seeing prospects abroad dry up.

Less Complacent Placement

¶7. (SBU) Both SCUT and GDUFS are adopting similar measures to increase students' chances at finding work. From freshman and sophomore years, both schools encourage students to study something "practical," that will lead to good offers. They offer a variety of job-hunting classes and workshops and maintain in-house databases and websites where employers and alumni can recruit students. In addition, each school has organized on-campus job fairs. Zhao from GDUFS said she was aggressively enlisting professors and alumni to

help graduating students. Aside from these more traditional methods, Feng from SCUT said he was encouraging graduates to consider job offers in less-developed cities by facilitating incentives like student loan forgiveness and emphasizing that students pursue job experience first and foremost; he also advises they put off thinking about where to settle down until later. SCUT has a program that gives students from other provinces a two-year window to look for jobs nationwide, but Feng acknowledged that if students do opt for settling down in an "undesirable" area, it may be difficult to move to one of the more developed coastal cities because of hukou restrictions.

Students Not Angry, But Goals Are More Modest

18. (SBU) Conversations with attendees at a 168.com-sponsored job fair at Guangzhou's University City, the location of ten colleges, revealed that students have been paying close attention to the economic downturn. Although some students expressed concern about their job prospects, none displayed despair or pent-up anger. There was no sense of bitterness, blame or a feeling of an entitlement missed after years of hard work. Rather, students seemed to have adjusted their expectations downward and were focused on achieving more modest goals. Several said that whereas before they were expecting RMB 2,500 to 3,000 as a starting salary, they were willing to accept salaries as low as RMB 1,500. Affirming the assessment of Feng from SCUT, students from rural areas or other provinces said they would rather find a job and stay in Guangzhou than return home, their concern about underemployment tempered by where they wanted to live. Students from top-tier colleges in the region seemed to be the least concerned about underemployment or the impact of the downturn on their job prospects.

19. (SBU) Overall, students were quietly confident that the government would resolve the problems and the economic situation would turn around before too long, especially once stimulus spending begins to have an effect. They acknowledged that they felt pressure to get a job and succeed, not only for themselves personally, but

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also for their families, especially among those from the countryside. Many indicated that they would return home and their parents would support them if they were unable to find a job quickly. However, when asked what they would do if the downturn lasted six months, a year or longer, many students seemed baffled that the downturn could last so long and had not seemed to contemplate this possibility.

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